

1-1 By: Duncan S.B. No. 1812  
1-2 (In the Senate - Filed March 11, 2009; March 20, 2009, read  
1-3 first time and referred to Committee on State Affairs;  
1-4 April 16, 2009, reported adversely, with favorable Committee  
1-5 Substitute by the following vote: Yeas 7, Nays 0; April 16, 2009,  
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 1812 By: Duncan

1-8 A BILL TO BE ENTITLED  
1-9 AN ACT

1-10 relating to notice to a life insurer of an adverse claim to policy  
1-11 proceeds by a person with a bona fide legal claim.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Section 542.058, Insurance Code, is amended by  
1-14 amending Subsection (b) and adding Subsection (c) to read as  
1-15 follows:

1-16 (b) Subsection (a) [This section] does not apply:

1-17 (1) in a case in which it is found as a result of  
1-18 arbitration or litigation that a claim received by an insurer is  
1-19 invalid and should not be paid by the insurer; or

1-20 (2) if the insurer is:

1-21 (A) a life insurer; and

1-22 (B) on notice of an adverse claim to life  
1-23 insurance policy proceeds from a person who has a bona fide legal  
1-24 claim to all or part of the proceeds.

1-25 (c) A life insurer eligible for the exemption described by  
1-26 Subsection (b)(2) must pay the claim not later than the later of the  
1-27 90th day after the date the insurer receives all items, statements,  
1-28 and forms reasonably requested and required under Section 542.055  
1-29 or the 90th day after the date the insurer receives notice of the  
1-30 adverse claim. Notwithstanding any other law, a life insurer that  
1-31 delays payment of the claim under this subsection for more than 90  
1-32 days shall pay damages and other items as provided by Section  
1-33 542.060.

1-34 SECTION 2. The change in law made by this Act applies only  
1-35 to a claim filed with a life insurer on or after the effective date  
1-36 of this Act. A claim filed with a life insurer before that date is  
1-37 governed by the law in effect on the date that the claim was filed,  
1-38 and the former law is continued in effect for that purpose.

1-39 SECTION 3. This Act takes effect immediately if it receives  
1-40 a vote of two-thirds of all the members elected to each house, as  
1-41 provided by Section 39, Article III, Texas Constitution. If this  
1-42 Act does not receive the vote necessary for immediate effect, this  
1-43 Act takes effect September 1, 2009.

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